

22 APRIL 1993



Acquisition

INDUSTRIAL BASE PLANNING

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OPR: SAF/AQXM (Maj Robert B. Hartzell)

Certified by: SAF/AQX (Col Robert S. Hayes)

Pages: 7

Distribution: F

1. The Air Force has a vital need to comprehend the capabilities and limitations of essential industrial sectors, both private and governmental, to supply its material needs. This directive establishes policies providing for an Industrial Base Planning (IBP) process to aid decisionmaking related to readiness and affordability issues, the capability to surge production of selected weapon systems, and the capacity and availability of industry, in general, to support expansion of forces.

2. The Air Force will:

2.1. Continuously monitor the ability of the Defense Industrial Base (DIB) to meet four goals: support active and reserve forces in peacetime, meet planned contingency needs, reconstitute quicker than any emerging threat, and do so as efficiently and cost effectively as possible.

2.2. Identify critical sectors of the DIB, describe the current industrial base, document major shortfalls, display technology, financial, and market trends, and recommend industrial preparedness measures (IPM) to mitigate those shortfalls.

3. The following responsibilities and authorities are established:

3.1. The Assistant Secretary of the Air Force (Acquisition) (SAF/AQ) will oversee the IBP Program and publish policy to achieve Air Force objectives for planning, programming, and budgeting IBP and IPM activities.

3.2. The Deputy Chief of Staff, Logistics (HQ USAF/LG) will monitor the logistics aspects of the Air Force IBP Program; review the annual industrial base assessment (IBA); assist HQ USAF/XO in the development of the Air Force Critical Items List (CIL); and oversee the development of mobilization production requirements for CIL item spare parts and support equipment.

3.3. The Deputy Chief of Staff, Plans and Operations (HQ USAF/XO) will issue the Air Force CIL with surge and mobilization production requirements; consider CIL item emergency production capacity in Air Force planning and Air Force participation in joint planning; review Commander-in-Chief Operation Plans and IBA results to determine supportability of Air Force missions; ensure using command surge and mobilization goals are included in the Operational Requirements Document for system acquisitions; and develop the Air Force Industrial Mobilization Plan.

3.4. HQ Air Force Materiel Command (HQ AFMC) will conduct an annual IBA; perform vertical analyses on CIL and Industrial Preparedness Planning List (IPPL) items; perform horizontal analyses on commodities; and provide IBP support to the Program Executive Officer (PEO) programs. Actions recommended and ongoing to mitigate industrial base shortfalls, such as Manufacturing Technology and Defense Production Act Title III projects and generic and program specific IPMs, will be identified in the annual IBA.

3.5. Air Force Program Executive Officers and Designated Acquisition Commanders will monitor acquisition program industrial base milestone assessments to evaluate the ability of the DIB to support the acquisition; ensure system managers monitor the health of critical elements of the DIB supporting their portfolio of programs; and elevate industrial base information to the SAF/AQ staff and Air Force Acquisition Executive when problems span more than one PEO's portfolio.

4. Terms Explained:

4.1. **Defense Industrial Base (DIB).** That part of the total privately owned and Government-owned industrial production and depot-level equipment and maintenance capacity in the United States, its territories and possessions, as well as capacity located in Canada that is or shall be made available in an emergency for the manufacturing of items required by the US Military Services and selected Allies or to satisfy essential civilian requirements.

4.2. **Critical Items List.** Prioritized lists prepared by the Joint Staff, Logistics Directorate (J-4), or the Air Force that identify key warfighting items for industrial base planning.

4.3. **Industrial Preparedness Planning List (IPPL).** A prioritized list of Air Force items, munitions, components, support equipment, or spare parts for which industrial base planning vertical analyses should be performed. Normally, IPPL items are major assemblies, critical components or spare parts of the items on the Critical Items List.

4.4. **Industrial Preparedness Measures (IPM).** Actions taken to mitigate industrial base planning shortfalls, bottlenecks and deficiencies identified during the planning process. Normally, IPMs are in the form of investments in technology, equipment, facilities, second sourcing or inventory.

4.5. **Vertical Analyses.** Planning that analyzes emergency production capacity for a specific critical end-item by analyzing lead times and production rates.

4.6. **Surge Capacity.** The ability to substantially increase production without a general mobilization.

4.7. **Horizontal Analyses.** Planning that examines and measures domestic and Canadian emergency manufacturing and repair capability for groups of similar items or across industrial sectors.

5. See [Attachment 1](#) for the measures used to comply with this policy.

6. See [Attachment 2](#) for governing policies and directives implemented by this policy directive and other publications with which it interfaces.

JOHN E. JAQUISH, Lt General, USAF
Principal Deputy, Assistant Secretary of the
Air Force (Acquisition)

Attachment 1

MEASURING COMPLIANCE WITH POLICY

A1.1. Compliance with IBP policy will be assessed by measurements in four areas: the ability of the DIB to support active and reserve forces in peacetime (**Figure A1.1.**); the ability of the DIB to support planned contingencies (**Figure A1.2.**); the ability of the DIB to reconstitute quicker than any emerging threat can reconstitute (**Figure A1.3.**); and the efficiency and cost effectiveness of the DIB (**Figure A1.4.**). Assessments will be conducted on each major acquisition program at each milestone and reported through the Defense Acquisition Board reporting process according to the Integrated Program Summary in Department of Defense (DoD) 5000.2-M, *Defense Acquisition Management Documentation and Reports*, February 1991. HQ AFMC will conduct annual assessments of the industrial base for each PEO sector and report the results of these assessments through SAF/AQXM to the PEOs. HQ AFMC will conduct annual IBAs at each center and for the Air Force DIB, and report the results of these assessments to SAF/AQXM through the *Annual Industrial Base Assessment*, RCS: SAF-AQX(A) 9319. Discontinue reporting during emergency conditions and during **MINIMIZE**. Annually, or as requested, SAF/AQXM functional managers will be prepared to display the status of the DIB to meet the four goals.

A1.1.1. Support Active and Reserve Forces in Peacetime. The DIB meets this goal by designing, developing, producing, supporting, and delivering qualitatively superior weapon systems when required to support operational forces. Meeting contract delivery schedules assures warfighting capabilities are available when they are required.

A1.1.2. Support Planned Contingency Needs. The DIB meets this goal by being able to accelerate the production of critical systems, subsystems and items to meet the sustainability requirements of operational commands. Surge goals are identified in the Operational Requirements Document.

A1.1.3. Reconstitute More Rapidly Than Any Emerging Threat. The ability of the DIB to gear up again to meet an emerging global threat is dependent upon maintaining defense critical capabilities which, if allowed to dissipate, could not be reconstituted in time. Erosion of these capabilities will be measured by monitoring the extent to which the Air Force is dependent on foreign sources for defense.

A1.1.4. Be As Efficient and Cost-Effective As Possible. Affordability constraints derived from long-range investment plans, affordability planning objectives in the Defense Planning Guidance, and the long-range acquisition investment analyses become cost baselines for programs and result in negotiated costs. The ability of the DIB to deliver systems to these costs is an indicator of the ability of the DIB to meet the Air Force goal of being as efficient and cost-effective as possible.

Figure A1.1. Sample Metric of Cumulative Hardware Delivery Delinquencies.

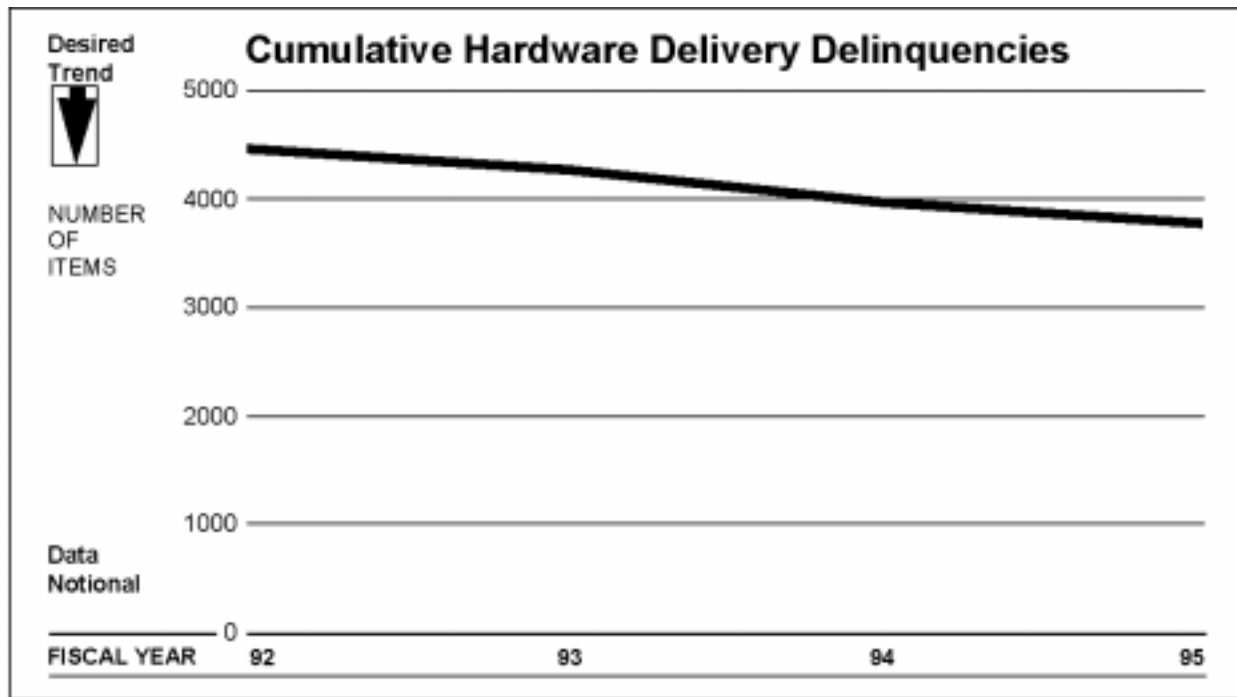


Figure A1.2. Sample Metric of Percent of Required Surge Capability.

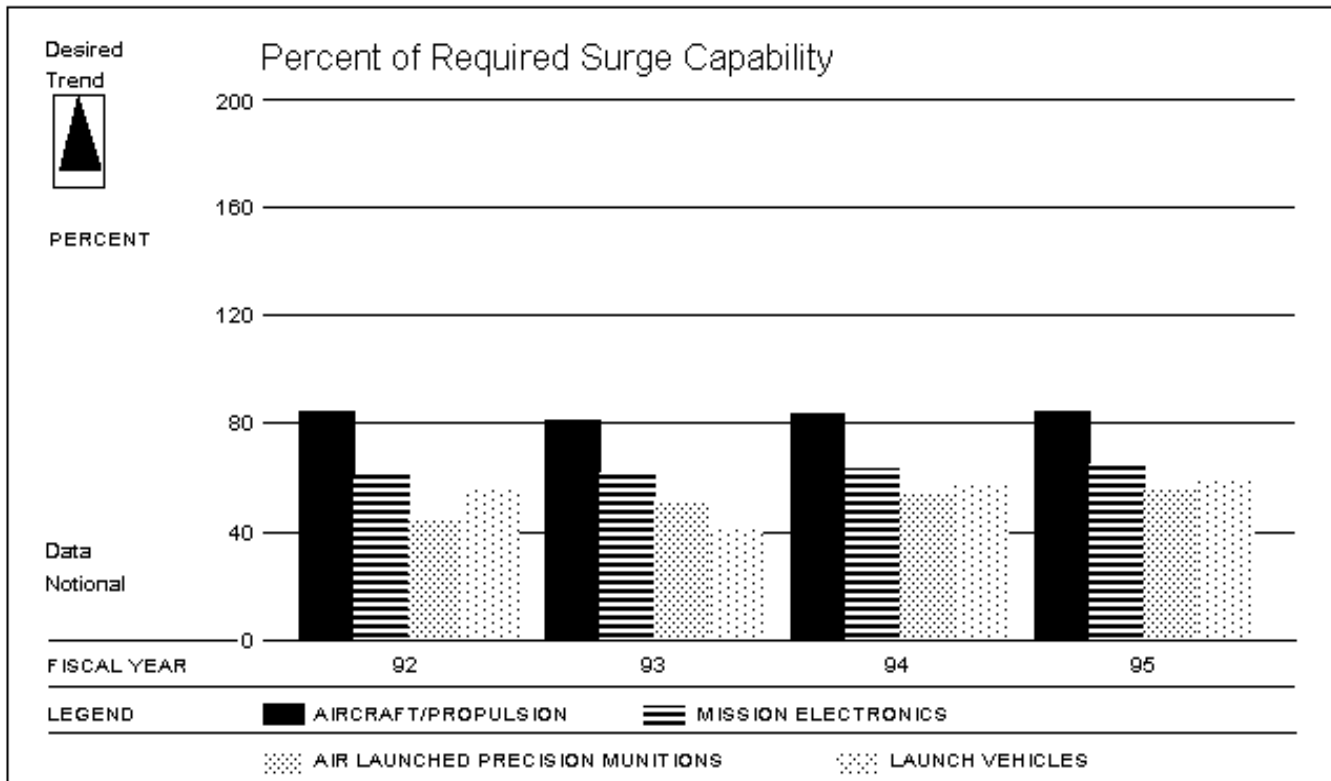


Figure A1.3. Sample Metric of Percent Foreign Sourced Critical Items.

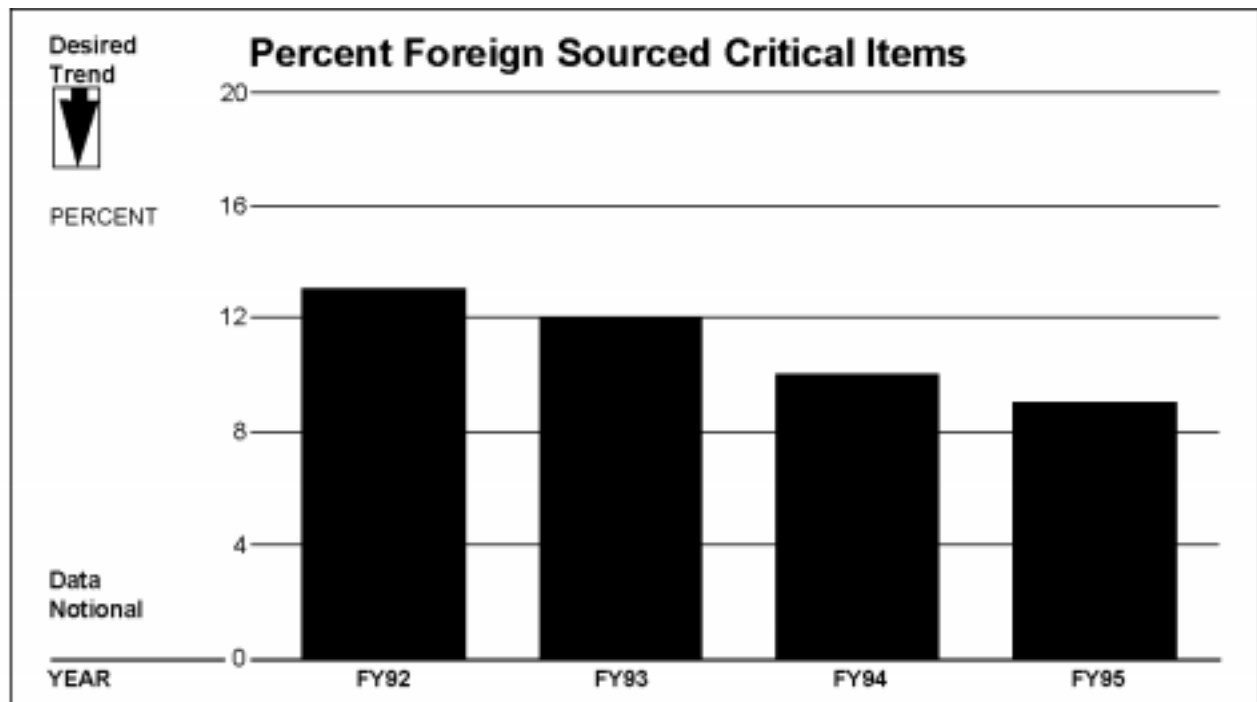
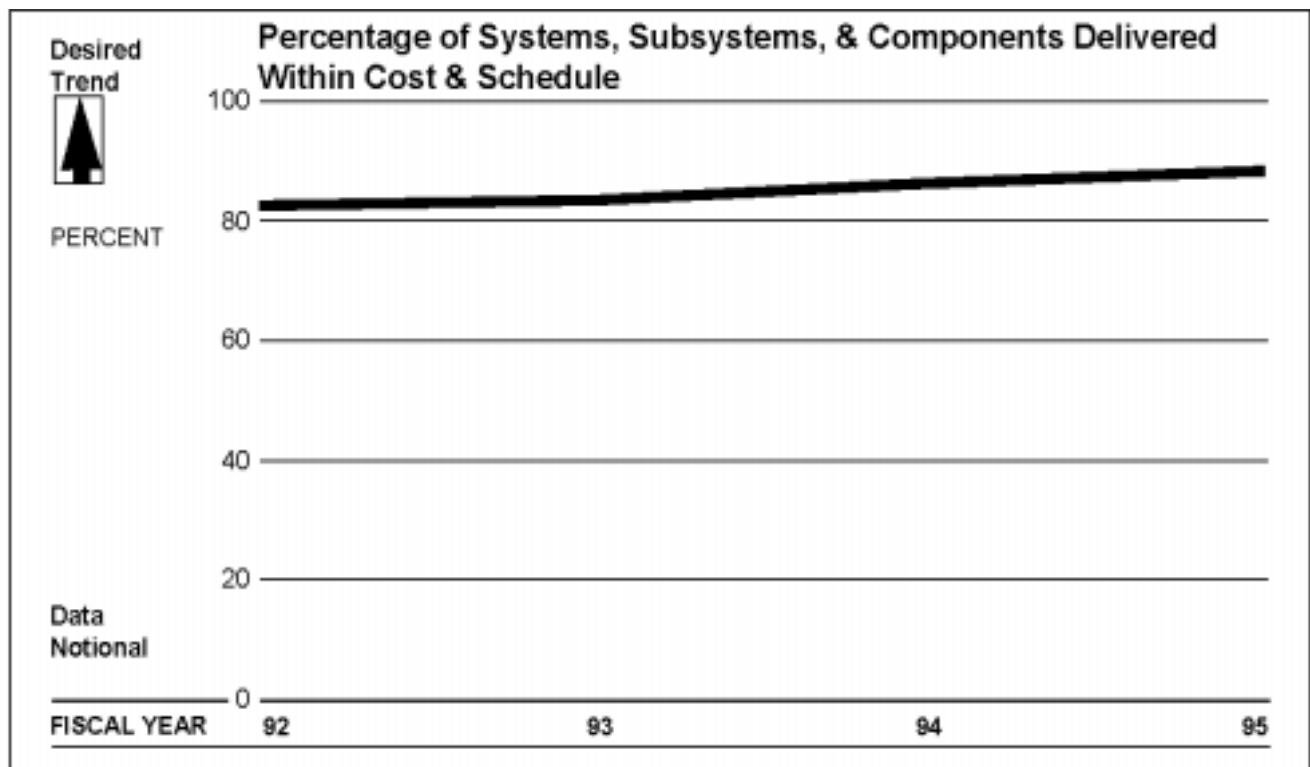


Figure A1.4. Sample Metric of Percentage of Systems, Subsystems, & Components Delivered Within Cost & Schedule.



Attachment 2**PUBLICATIONS WITH RELATED POLICIES AND INSTRUCTIONS*****Implemented Publications***

DoD Directive 3020.36, *Assignment of National Security Emergency Preparedness (NSEP) Responsibilities to DoD Components*, November 2, 1988

DoD Instruction 5000.2, *Defense Acquisition Management, Policies, and Procedures*, February 23, 1991

FY 93 Defense Authorization Act, Chapter 148

Defense Production Act of 1950, as amended

DoD Defense Planning Guidance FY 94 - 99, May 22, 1992

Interfaced Publications

AFI 63-601, *The Air Force Industrial Base Assessment*, formerly AFR 78-10

AFI 63-602, *Acquisition Program Industrial Base Assessments*, no former publication

AFI 63-603, *AFPEO Sector Industrial Base Assessments*, no former publication

AFI 63-604, *Air Force Defense Production Act Title I - Defense Priorities and Allocations System*, formerly AFM 78-4

AFI 63-605, *Air Force Defense Production Act Title III*, no former publication

AFI 63-606, *Manufacturing Technology Program*, formerly AFR 800-33

AFI 63-607, *Graduated Production Response*, formerly AFM 78-5

